MONTANA

DRINKING WATER STATE REVOLVING FUND

ANNUAL REPORT

FOR STATE FISCAL YEAR 2006
(JULY 1, 2005 THROUGH JUNE 30, 2006)

Prepared by

Montana Department of Environmental Quality
and
Department of Natural Resources and Conservation

for
EPA Region VIII
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DRINKING WATER STATE REVOLVING FUND (DWSRF)
ANNUAL REPORT
STATE FISCAL YEAR (SFY) 2006
TABLE OF CONTENTS

I. INTRODUCTION 4

II. EXECUTIVE SUMMARY SFY06 4

III. GOALS OF THE DWSRF 5

LONG-TERM GOALS 5
SHORT-TERM GOALS 5

IV. FINANCIAL REPORTS 6

V. DETAILS OF DWSRF ACTIVITY 7

A. LOAN ASSISTANCE 7
PROJECT BYPASS 7
DISADVANTAGED COMMUNITIES 9
SMALL SYSTEMS 9
PROJECTS PROVIDED FUNDING 10
City of Billings 10
City of Columbia Falls 10
Gardiner-Park County Water District 10
City Of Hamilton 11
City of Helena 11
City of Lewistown 11
City of Livingston 11
Lockwood Water and Sewer District 11
City of Miles City 12
Town of Plains 12
City of Plentywood 12
Power-Teton County Water and Sewer District 13
City of Shelby 13
Town of Sheridan 13
City of Thompson Falls 14
City of Three Forks 14
Upper/Lower River Road Water and Sewer District 14
City Of Whitefish 14
City of Wolf Point 15
Worden-Ballantine Yellowstone Co. Water and Sewer District 15
SUMMARY OF LOAN ASSISTANCE: 16
B. FIRST-ROUND FUNDED LOANS: 16
C. RECYCLED FUNDED LOANS: 16
D. SOURCE OF FUNDS: 16
E. FEDERAL FUNDS DRAWN BY THE PROGRAM: 16
F. SET – ASIDES 16
DWSRF Administration 17

Small Systems Technical Assistance 17
Public Water Supply Supervision Set-Aside: Administration 17
PWSS Source Water Protection (SWP) 18
Capacity Development 18
PWSS Operator Certification 19
Local Assistance and Other State Programs - Source Water Delineation and Assessment and Wellhead Protection 19

VI. GRANT CONDITIONS AND CERTIFICATIONS 20

VII. CURRENT STATUS AND FUTURE ACTIVITIES 22

VIII. GLOSSARY OF ACRONYMS AND INITIALIZATIONS 24

EXHIBITS

EXHIBIT 1: SOURCES OF DWSRF FUNDS THROUGH SFY 06 26
EXHIBIT 2: DWSRF BINDING COMMITMENTS EXECUTED 27
EXHIBIT 3: DWSRF CAPITALIZED GRANT CLOSED LOANS FOR SFY 06 28
EXHIBIT 4: DWSRF RECYCLED CLOSED LOANS FOR SFY 06 29
EXHIBIT 5: HISTORY OF DWSRF BINDING COMMITMENTS 30
EXHIBIT 6: DWSRF PROJECTED BINDING COMMITMENTS FOR SFY 07 31
EXHIBIT 7: AMOUNTS AVAILABLE TO TRANSFER BETWEEN STATE REVOLVING FUND PROGRAMS 32
EXHIBIT 7A: TRANSFER OF FUNDS BETWEEN SRF AND WRF 33
EXHIBIT 8: SUMMARY OF DRINKING WATER STATE REVOLVING FUND FEDERAL DRAWS FOR SFY 06 34
EXHIBIT 9: DRINKING WATER STATE REVOLVING FUND BUDGET VS DRAW BY CATEGORY SFY 06 38
EXHIBIT 10: SET ASIDES 1 TO 1 MATCH FUNDING SUMMARY 43
EXHIBIT 11: DWSRF LOANS: MBE/WBE FOR CONTRACTS AWARDED DURING SFY 06 44

APPENDICES

Appendix A: SFY06 Cash Flow Model A-1

Appendix B: SFY06 Financial Statements Unaudited with Footnotes B-1

Appendix C: SFY06 Intended Use Plan C-1

Appendix D: Map of Projects & List D-1

MONTANA
DRINKING WATER STATE REVOLVING FUND (DWSRF)
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STATE FISCAL YEAR (SFY) 2006

I. INTRODUCTION

This Annual report adheres to the Operating Agreement negotiated between the State of Montana and the Environmental Protection Agency (EPA) concerning the administration of the Drinking Water State Revolving Fund (DWSRF). The annual report summarizes DWSRF activities for the state fiscal period beginning July 1, 2005 and ending June 30, 2006 (SFY06).

The DWSRF program was established as a result of the 1996 Amendments to the Federal Safe Drinking Water Act, which provided the authority for EPA to make capitalization grants to states. The grants, in conjunction with state matching funds, are used to provide financial assistance for the construction of drinking water projects and to support administration of the state program.

In anticipation of the 1996 Amendments to the Federal Act, the 1995 State Legislature, under Title 75, Chapter 6, Part 2, Montana Code Annotated, passed the enabling legislation, entitled the Safe Drinking Water Treatment Revolving Fund Act, giving authority to the Montana Department of Environmental Quality (DEQ) and the Department of Natural Resources and Conservation (DNRC) to adopt administrative rules to implement the program. Legislation also provided the ability to generate state match funds, through the sale of state General Obligation Bonds (GO Bond Authority). Amendments to the Drinking Water State Revolving Fund Act were passed in the 1997, 1999, 2001, 2003, and 2005 Legislative Sessions. The 1997 amendments changed the title of the Act from "Safe Drinking Water Treatment Revolving Fund Act" to the "Drinking Water State Revolving Fund Act" and also made other changes consistent with the Federal Act. During the 1999 Legislative Session, the 1999 amendment clarified the transfer language between the DWSRF and Water Pollution Control State Revolving Fund (WPCSRF) Programs and added GO Bond Authority. The 2001 Amendment authorized the program to advance funds to projects funded, in part, by the federal government when federal funding has been approved but not appropriated. This provides interim financing until those federal funds become available. The 2003 Amendment increased GO Bonding Authority by $10 million, raising the total to $30 million. The 2005 amendment authorized the issuing of Revenue or Grant Anticipation Notes and authorized limited principal forgiveness to disadvantaged communities.

II. EXECUTIVE SUMMARY SFY06

During SFY 06 Montana was awarded it's tenth capitalization grant in the amount of $8,229,300 for FFY 06.

Since the inception of the DWSRF, Montana has issued five GO bonds and one Bond Anticipation Note (BAN). The proceeds of which have been used as state match for loans, set asides, and program administration. Montana issued its first GO bond in October 1998 (SFY99), the second GO Bond in April 2000 (SFY00), the third GO bond in June 2001 (SFY01), the fourth GO Bond in June 2003 (SFY03); and the fifth GO Bond in May 2005 (SFY05). The total amount of bonds issued to date is $14,795,000. A summary of these bond issues is provided in Exhibit 1. Montana is planning for its sixth GO Bond later in calendar year 2006.

Exhibit 1, Sources of DWSRF Funds Through SFY06, provides a complete tabulation of capitalization grant awards received through June 30, 2006, projected state match, binding commitments for loan projects through SFY06, and GO bonds and BANs issued for state match. The combination of capitalization grants and bond proceeds provided the needed funds for DWSRF projects, set asides, and program administration during SFY06. In addition, DNRC provided a portion of their program administration services as an in-kind contribution in the amount of $-0- for SFY06.

During SFY06, the DWSRF program executed 13 project binding commitment agreements totaling $25,702,000, increased seven commitments in the amount of $798,596, and decreased two binding commitments for $1,571,000, with total commitment of funds of $24,929,596 for the period. For a detailed breakdown of all DWSRF binding commitments signed and key dates of project activity that occurred in SFY06, refer to Exhibit 2: DWSRF SFY06 Binding Commitments Executed. See Exhibit 3 and 4 for the closed loans.

Detailed information concerning use of DWSRF funds, accomplishments of the program and adherence with the stated goals of the program are provided on the following pages.

III. GOALS OF THE DWSRF

Long-Term Goals

1. To continue building and maintaining a permanent, self-sustaining state revolving fund program that will serve as a cost-effective, convenient source of financing for drinking water projects in Montana.

   Projects funded during SFY06 met all program requirements governing financial capability to assume debt. Eighteen of twenty seven projects received an interest rate of 3.75% on their loans (well below market rates) and nine of the twenty seven qualified for an interest rate of 2.75% under the disadvantaged community criteria or interim financing. These factors illustrate that the assistance is affordable. Refer to Exhibit 3 & 4. A copy of the cash flow with all the activity through SFY06 is included in this report as Appendix A.

2. To provide a financing and technical assistance program to help public water supplies achieve and maintain compliance with federal and state drinking water laws and standards for the protection and enhancement of Montana's public drinking water.

   To promote the availability of these DWSRF program services during SFY06, DWSRF staff presented information at a variety of events. This included two infrastructure workshops and the annual Montana Rural Water Systems conference, as well as meeting one on one with community leaders.

   Please also refer to the project descriptions and discussion of set-asides provided in Section V: Details of DWSRF Activity.

Short-Term Goals

1. Continue implementation and maintain the Drinking Water State Revolving Fund Program in Montana.

   Montana received approval of its DWSRF program and award of the FFY97 capitalization grant on June 30, 1998 and nine additional capitalization grants have been received since that time.

2. Ensure the technical integrity of Drinking Water SRF projects through the review of planning, design

plans and specifications, and construction activities.

The trained technical staff of the Planning, Prevention and Assistance Division (PPAD) continues to use the DWSRF Handbook of Procedures and knowledge gained from many years of operating the WPCSRF Program to ensure that this objective is met. The Handbook of Procedures is used as a guide to ensure that all state and federal laws governing the technical aspects of each project are satisfied.

Steps were taken to update the Handbook of Procedures and streamline checklists and processes. A final revised edition was submitted to EPA in September 2001. This project was completed in early SFY02. It was again reviewed and updated during SFY06.

Staff attends training seminars and workshops to maintain and improve technical, financial and programmatic knowledge. In SFY06, Anna Miller, John Tubbs, Mark Smith, Janice Yearry, Diana Hoy, and Bob Fischer attended the Council of Infrastructure Financing Authorities (CIFA) National Workshop; Anna Miller, Diana Hoy, Janice Yearry, John Tubbs, Bob Fischer, Robert Ashton and Mark Smith attended the Montana Rural Water Systems Conference; Gary Wiens, Robert Ashton, Marc Golz, and Mark Smith attended the Montana AWWA Conference; Anna Miller, and, Mark Smith attended the CIFA Legislative Conference. Marc Golz, Mark Smith, Rob Ashton, Gary Wiens, Anna Miller, Diana Hoy, Janice Yearry, Tricia Schiltz, John Patrick, Carol Gilmore, Nancy Geary, and Bob Fisher attended the Region 8 All-States Meeting.

3. Ensure the financial integrity of the Drinking Water SRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.

   See Appendix A: Cash Flow Model SFY06.

4. Ensure compliance with all pertinent federal, state, and local safe drinking water rules and regulations.

   To the best of our knowledge, the DWSRF program has ensured Public Water Supply Supervision (PWSS) compliance through the projects that have been funded and the various set-aside activities. Close coordination with the PWSS program has been essential in this effort.

   The only exception is the project for the City of Boulder, which was funded in SFY 2000. The community historically had copper exceedances and was out of compliance with the Lead and Copper Rule. Extensive distribution system replacement was intended to mitigate the problem. Additional evaluation and corrective action are being planned at this time. The City has hired an engineer, who is in the process of preparing a Preliminary Engineering Report (PER).

5. Obtain maximum capitalization of the funds for the state in the shortest time possible while taking advantage of the provisions for disadvantaged communities and supporting the set-aside activities not directly related to the loan portfolio.

   Since the approval of its DWSRF loan program and first capitalization grant award, Montana has been awarded nine more capitalization grants, issued matching G.O. bonds, utilized the provision to transfer funds between the WPCSRF and DWSRF, and generated other revenue from loan repayments and interest investments. The loan fund now totals over $99,387,392. Please see Appendix D project list and location map.

IV. FINANCIAL REPORTS

The Montana Legislative Audit Division (LAD) has completed their audit work of the SFY05. Financial statements were presented to the Legislative Audit Committee (LAC). An unqualified opinion was issued for the financial statements. A copy of the report was submitted to EPA Region VIII.

DEQ and DNRC engaged LAD to audit the State Revolving Fund financial activity beginning in SFY98. This decision was based on a new audit requirement conveyed in a directive from the Office of Water, Inspector General's Office, and the Office of Management and Budget.

A copy of the SFY06 un-audited financial statements, including footnotes is attached as Appendix B of this report. (The financial statements will have to follow this report.) The SFY06 audit should be complete by May 2007.

V. DETAILS OF DWSRF ACTIVITY

A. LOAN ASSISTANCE

During SFY06 the DWSRF program closed twenty seven loans; signed thirteen project binding commitment agreements; and increased seven binding commitments, and decreased two binding commitments.

Project Bypass

If it is determined by DEQ that a project or projects are not ready to proceed or that the project sponsors have chosen not to use the Drinking Water SRF funds, other projects may be funded in an order different from that indicated on the priority list. If DEQ chooses to bypass higher ranked projects, it should follow the bypass procedure.

Montana bypassed 110 projects on its Priority List with the funding of the Town of Plentywood, ranked 137. Twenty six other loans were closed. The higher ranked projects were not ready to proceed at the time, or perhaps were being financed by other funding entities. They were by-passed to fund lower ranked projects that were ready to proceed with construction, or that had already been constructed and desired refinancing to improve financial capacity. Refer to Exhibit 3: DWSRF Capitalized Grant Closed Loans For SFY06 and Exhibit 4: DWSRF Recycled Closed Loans For SFY06. Notification was sent to all by-passed communities that described the proposed projects to be funded, and also included the assurance that funds were still available for all loan applications anticipated at that time. No responses were received. No emergency projects were funded in SFY06. The status of top individual projects on the priority list that were bypassed is discussed below.

1. Hill County WD. System has been negotiating compliance schedule with DEQ Enforcement Division for some time. They have been awarded a STAG grant, and are also planning to join the North Central/Rocky Boys Regional Water System when it is constructed in the future.

2. Town of Opheim. Project has been completed using alternative funding sources and needs to be removed from the SRF project priority list.

3. City of Thompson Falls. The project was previously constructed and the debt was refinanced with an SRF loan in SFY06.

4. East Glacier Co. W&SD. Project has been completed using alternative funding sources and needs to be removed from the SRF project priority list.

5. Eastview Acres HOA. Status of project unknown.

6. South Chester WUA. System has been negotiating compliance schedule with DEQ Public Water Supply Program. They are exploring alternative grant funding, and are also planning to join the North Central/Rocky Boys Regional Water System when it is constructed in the future.

7. South Hills W&SD. Project has been completed/eliminated via consolidation using SRF funding. The project has been removed from the SFY07 project priority list.

8. City of Laurel. Projects were funded with SRF loans in SFY99 and 03, with loan close outs occurring in SFY06. This project has been removed from the SFY07 priority list.

9. Upper/Lower River Road W&SD. Project is being funded with SRF loans that closed in SFY06.

10. Butte-Silver Bow. Project is exploring alternative grant funding.

11. Piegan Border Station. Status of project unknown.

12. Essex. System has been negotiating compliance schedule with DEQ Public Water Supply Program. They are exploring alternative grant funding, and may also utilize SRF funding at a future date.

13 &14. City of Three Forks. Project is being funded with SRF loans that closed in SFY06.

15. Eastview HOA. Status of project unknown.

16. Town of Stevensville. System is working on preparation of preliminary engineering report (PER), and pursuing grant funding for a portion of the project, but also still intend to utilize SRF funds. Construction is anticipated in 2007 or 2008.

17. Worden-Ballentine. Project is being funded with an SRF loan that closed in SFY06.

Disadvantaged Communities

Communities seeking a Drinking Water SRF loan that meet the disadvantaged community criterion described in the Intended Use Plan may receive an additional subsidy on their SRF loans, beyond the standard below-market rate financing. This includes communities that will meet the disadvantaged criterion based on projected rates as a result of the project.

In SFY06, Montana closed six loans and three Bond Anticipation Notes (BAN) at a 2.75% interest rate, in the amount of $3,235,570, no other communities satisfied the disadvantaged criteria. In SFY07 we will have several loans with communities that may qualify for the disadvantaged interest rate.

Small Systems

The table below shows the breakdown of the population served by our loans in SFY06. We had a total of twenty seven loans for a total of $35,162,166. Twenty five of these loans are with small systems that serve a population of less than 10,000 people. Small systems represent 93% of the loans made in FY06**.**

Public Water Supply	**Population**	**Loan Amount**
1. Gardiner-Park Co.	500	$500,000
2. Hamilton	3705	$170,000
3. Lewistown	5813	$3,549,000
4. Livingston (Rev)	7018	$200,000
5. Livingston (Rev2)	7018	$700,000
6. Livingston (SID)	7018	$326,000
7. Livingston (TIF)	7018	$694,000
8. Lockwood	6500	$500,000
9. Lockwood	6500	$500,000
10. Miles City	8835	$1,050,000
11. Plains	1126	$265,000
12. Plentywood	2100	$500,000
13. Power-Teton Co.	167	$375,000
14. Shelby	3200	$709,000
15. Sheridan	659	$95,000
16. Thompson Falls	1321	$500,000
17. Thompson Falls	1321	$897,596
18. Three Forks (BAN)	1800	$22,570
19. Three Forks	1800	$268,000
20. Upper/Lower River Road (BAN)	1109	$243,000
21. Upper/Lower River Road	1109	$500,000
22. Upper/Lower River Road	1109	$195,000
23. Whitefish	5032	$905,000
24. Wolf Point	2633	$730,000
25. Worden-Ballentine	50	$368,000
TOTAL		**$14,762,166**

Projects Provided Funding

Following is a brief summary of the projects that began or continued activity during SFY06:
(Photos courtesy of SRF Program Staff.)

CITY OF BILLINGS

The City of Billings construction loan is funding two projects at the water treatment plant. One project is a rehabilitation of the filter building, filter controls and piping and the addition of four new filters – all for surface water treatment. The second project is replacing the existing maintenance building with a new maintenance building. The authorized loan amount is $17,300,000 and the loan closed on December 21, 2005. The filter building rehabilitation is progressing well and on-schedule. The maintenance building project is getting under way. Overall these projects will cover a two-year period. The projects help Montana meet its intended use plan goals by protecting public health through rehabilitating old filtration equipment and housings, allowing for improved reliability of the treatment system. Also, the old maintenance building will be removed and replaced with a new building and facilities.

CITY OF COLUMBIA FALLS

The City of Columbia Falls construction and engineering loan funded a water main replacement project. This project replaced existing water mains that were undersized or otherwise in need of replacement and provided some loops in the system. The $502,000 loan was closed on April 14, 2005. Construction is complete and the final draw has been made. The final loan amount was $502,000. This project helped Montana meet its intended use plan goals by replacing undersized and deteriorated mains and improving water pressures and minimizing stagnant water.

GARDINER-PARK COUNTY WATER DISTRICT

The Gardiner-Park County engineering and construction loan funded the design and construction of a new water treatment system. The wells serving the town of Gardiner have arsenic concentrations in excess of 25 micrograms per liter. The project included the construction of an arsenic treatment system and a pipeline from the wells to the treatment plant. The authorized loan amount is $500,000. The project is complete, except for a last minute change order. The final disbursement has not been made, but is expected to be made in the last quarter of FFY 2006. This project helps Montana meet its intended use plan goals of protecting public health by reducing arsenic concentrations in the public water supply serving Gardiner Montana and by proactively addressing compliance with the new arsenic standard.

CITY OF HAMILTON

The City of Hamilton loan connected two dead- end water mains that are located on the north side of Hamilton. One dead-end water main ran north along the west edge of Highway 93 terminating across from the Riverside Cutoff. The other main ran along the Old Corvallis Road and terminated at the Riverside Cutoff on the east side of Highway 93. These two mains provide water to residents and business in the area. There were dead-end lines, causing a potential health risk to users as water can remain stagnant for extended periods of time. If repair work was required to either of these supply lines, it could cause an interruption in service to residents and businesses alike.

The actual project included constructing approximately 214 linear feet of 12-inch diameter water main across U.S. Highway 93 to connect the two dead-end water mains and construct a meter vault over an existing sewer force main. An 18" steel casing pipe was provided under the driving surface of the highway to enable repair of the water main without disrupting traffic on the highway. Other miscellaneous work included the installation of valves, bends and a fire hydrant. This project helped Montana meet its intended use plan goal of protecting public health by eliminating dead end lines and providing redundancy in this area of the distribution system.

CITY OF HELENA

The City of Helena drew $2,326,536 to purchase and install new water meters throughout the city. The old, inaccurate meters are being replaced with new radio read meters that will reduce the time spent on collecting monthly water use data from homes and businesses. Installation of meters began in May 2005 and is scheduled to end in November 2006 By accurately billing water users the city will ensure a fair and consistent revenue stream that will enhance the financial capacity of the system.

CITY OF LEWISTOWN

The City of Lewistown completed construction of it's water project in 1997. The system improvements included reconstruction of the Big Spring collection system, new transmission mains and appurtenances, and a 1.5 million gallon storage reservoir. The outstanding debt on the project was refinanced with an SRF loan in SFY2006. Construction of the original project helped Montana meet it's Intended Use Plan goal of protecting public health by eliminating leakage and providing improved collection, transmission, and storage facilities. Refinancing the debt on the project enhanced the financial capacity of the system.

CITY OF LIVINGSTON

The City of Livingston loan funded the initial purchase and installation of new water meters throughout the system and the design of replacement water mains in H Street and water main extensions to serve the west side of the city. The first meters were purchased in the fall of 2004. Design of the new mains began in late 2004 and final plans and specifications were approved by DEQ in June 2005. Construction began in July 2005 and was completed in January 2006. This project helps Montana meet its intended use plan goals by protecting public health through replacing leaking and deteriorated pipes, building system capacity and by ensuring the technical integrity of the project.

LOCKWOOD WATER AND SEWER DISTRICT

The Lockwood Water and Sewer District received two loans totaling $1,000,000 for the construction of a new pre-sedimentation basin at its existing water treatment plant. The first $500,000 of this was financed at the disadvantaged interest rate of 2.75 percent. Construction began in June 2005 and was completed in March 2006. The new basin will ensure consistent finished water quality regardless of fluctuations in the quality of the Yellowstone River source water. This project will improve the quality of

the district's drinking water and enhance the district's ability to comply with state and federal regulations governing the supply of drinking water to its residents.

CITY OF MILES CITY

The City of Miles City has drawn $858,465 of their $1,050,000 loan for the construction of a new elevated steel water storage reservoir to replace an aging tank in the city's Riverside Park. The foundation was poured in the fall of 2005 and the steel fabricated over the winter and erected in the spring of 2006. This new structure ensures the city will have an adequate water supply during periods of extreme demand. This project will improve the quantity and quality of the city's drinking water and enhanced the city's ability to comply with state and federal regulations governing the supply of drinking water to its residents.

TOWN OF PLAINS

The Town of Plains construction and engineering loan funded the replacement of the pump and motor at the existing Well #1, the replacement of the associated transmission main, and modifications to the existing pump house. The project also included the addition of an emergency backup generator and improvements to the telemetry system. The Town has been unable to meet the current water system demand after losing the use of the Bolin Springs due to the influence from surface water. The new pump and motor should increase the flow from Well #1. The Project has been expanded to include the rehabilitation of Well #1. This work should be completed in the fall of 2006. The project was funded using a $265,000 DWSRF Loan that closed in January 2006. This project helps Montana meet its intended use plan goals of ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and regulations. Funding this project also addressed public health protection by increasing the quantity and maintaining system pressure for the Town of Plains, Montana.

CITY OF PLENTYWOOD

The City of Plentywood construction and engineering loan funded a water main replacement project. This project replaced existing water mains, hydrants and valves that were undersized or otherwise in need of replacement. The project was done to reduce leakage from the water system prior to the future connection to The Dry Prairie Regional Water System. The initial loan of $500,000 was closed on October 19, 2005. Construction began in the spring of 2006 and an additional loan of $500,000 was made July 5, 2006. Most of the work was done with pipe bursting and the final inspection and final project payment is expected in the fall of 2006. This project helped Montana meet its intended use plan goals by replacing undersized and deteriorated mains and improving water pressures and minimizing water loss.

POWER-TETON COUNTY WATER AND SEWER DISTRICT

The Power-Teton County Water and Sewer District construction loan (Phase II) funded design and construction of a new 150,000-gallon steel water storage reservoir, replacement of water mains, hydrants and valves, and the construction of a lined pre-sedimentation basin at the existing water treatment plant. The project also included the installation of new finish water pumps and telemetry. The project was funded using a $375,000 DWSRF Loan. The old pre-sedimentation basin was unable to provide quality influent water to the treatment plant and the old water storage reservoir required booster pumps to provide system pressure. Construction began in July 2005 with the majority of work completed by November of 2005. The new water system components and the new water treatment plant installed as during Phase I are operating and providing Power with quality drinking water. Final inspection, completion certification and final loan draw are expected in the fall of 2006. This project helps Montana meet its intended use plan goals by ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and regulations. Funding this project addressed public health protection by increasing the quality and quantity of drinking water to the community of Power, Montana.

CITY OF SHELBY

The City of Shelby construction loan (Phase II) funded design and construction of a new municipal water supply well and well house. The project also included improvements to the well field transmission mains. This work included drilling a replacement well for City Well #4 that was under the influence of surface water. Several transmission mains were replaced to improve water supply and reduce the threat of infiltration. The project was funded using a $709,000 DWSRF Loan (recycled funds). The City of Shelby's water system was threatened with potential water contamination from Well No. 4 being under the influence of surface water and the well field and transmission mains existing within the floodplain of the Marias River. Construction began in fall of 2005 and was completed in the spring of 2006. The new Well No. 4 and the UV disinfection equipment installed in Phase I are operating and providing Shelby with quality drinking water. This project helps Montana meet its intended use plan goals of ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and regulations. Funding this project also addressed public health protection by increasing the quality of drinking water to the City of Shelby, Montana.

TOWN OF SHERIDAN

The Town of Sheridan Bond Anticipation Note (BAN) funded the design of water system improvements including water main replacement, addition of a new municipal water supply well, and addition of a new 80,000 concrete water storage reservoir. The existing water distribution system is old and severe leakage from the system has been documented. The existing water supply relies on only one well field and the current storage capacity is unable to meet system demands. Project construction is expected to start in the spring of 2007. The project was funded using a $95,000 DWSRF BAN loan. This project helps Montana meet its intended use plan goals by ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and regulations. Funding this project also addressed public health protection by increasing the quality and quantity of drinking water to the Town of Sheridan, Montana. .

CITY OF THOMPSON FALLS

The City of Thompson Falls completed construction of a multi-phased project from 1999 to 2002. The system improvements included development of the Ashley Creek Springs collection system, a new well, new transmission and distribution mains and appurtenances, service line meters, and disinfection. The outstanding debt on the project was refinanced with an SRF loan in SFY2006. Construction of the original project helped Montana meet it's Intended Use Plan goal of protecting public health by developing an adequate water supply and reducing leakage in the facility mains. Refinancing the debt on the project enhanced the financial capacity of the system.

CITY OF THREE FORKS

The City of Three Forks Water System Improvements initially consisted of two separate projects (replacement of approximately 1650 feet of water main and installation of new sequestration and disinfection facilities at three of the city's wells). The water main replacement contract was awarded in April 2004 and construction was completed in June 2004. The sequestration and disinfection improvements were initiated in May 2004 and were completed in the spring of 2005. Additionally, cost savings from the water main replacement project enabled the city to use surplus funds to drill a new well. Design of the new well was completed in the fall of 2004 and construction was completed in April 2005. Current efforts are directed to the construction of a building to house a new arsenic treatment plant supplied by the EPA; this construction was initiated in March 2006. These projects improve the quantity and quality of the city's drinking water and will enhance the city's ability to comply with state and federal regulations governing the supply of drinking water to its residents.

UPPER/LOWER RIVER ROAD WATER AND SEWER DISTRICT

The Upper/Lower River Road Water and Sewer District received $938,000 for the extension of water mains to give a residential area south of Great Falls city services. The first $500,000 of this was financed at the disadvantaged interest rate of 2.75 percent. Construction began in October 2005 and was completed in April 2006. This project will provide municipal services to an area previously reliant on groundwater of questionable quality. This project will enhance the district's ability to comply with state and federal regulations governing the supply of drinking water to its residents.

CITY OF WHITEFISH

The City of Whitefish loan refinanced an existing Department of Natural Resources and Conservation Renewable Resource Loan and financed the construction of a new project to provide a connecting water main looping the north and south sections of the City's public water system. The refinanced loan had been made with the City in 1993 for the construction of a concrete water storage reservoir. The looping project involves approximately 1,800 lineal feet of large-diameter PVC water main and includes a directionally-drilled crossing of the Whitefish River as well as a cased crossing of the Burlington Northern Railroad and a lumber mill site. In addition to this connecting main, a subsequent project will micro-tunnel another looping main under the railroad yard about a half mile east of this project location, thus providing another line to stabilize pressures, provide adequate flows, and provide redundant connections between Whitefish's south side and the north side and

water treatment plant. The total loan amount is $905,000, $248,699 of which has been disbursed. Project completion is scheduled for October, 2006.

CITY OF WOLF POINT

The City of Wolf Point engineering and construction loan funded the design and rehabilitation of a manganese green sand filtration system for iron and manganese removal. Failure of the old plant was imminent due to serious leaks that were developing in the steel structure of the treatment system. The authorized loan amount is $730,000. Construction of the project is complete, $704,263 has been drawn. The final disbursement has not been made, but is expected to be made in the last quarter of FFY 2006. This project helped Montana meet its intended use plan goals by assuring the continued delivery of a reliable and safe supply of drinking water.

WORDEN-BALLANTINE YELLOWSTONE CO. WATER AND SEWER DISTRICT

The Worden-Ballantine Yellowstone Co. Water and Sewer District construction loan (Phase I and Phase II) Phase I funded design and installation of a new concrete water storage reservoir, replacement of water mains, hydrants and valves, and improvements at the existing water infiltration gallery overflow and booster pump station, telemetry and controls. Phase II of the project included the design and construction of a new municipal water well, well house and transmission main. The project was funded using a $500,000 DWSRF Loan that closed in May 2005. A second DWSRF Loan for $368,000 was closed in August of 2005. Worden-Ballantine WSD's sole source of water was an agricultural drain, which was susceptible to backflow from a creek at the outfall. The distribution was undersized in places with hydrants attached to 4-inch mains. Also, the existing elevated storage reservoir contained less than half an average day's water demand. The new storage reservoir, municipal water well, mains, pumps and overflow airbreak are operational and providing Worden and Ballantine with quality drinking water. Phase I final inspection, completion certification and final loan draw was completed in August 2005. Final inspection of Phase II was completed in the summer of 2006. This project helps Montana meet its intended use plan goals by ensuring the technical integrity of the project, and ensuring compliance with applicable safe drinking water rules and regulations. Funding this project also addressed public health protection by increasing the quality and quantity of drinking water to the communities of Worden and Ballantine, Montana.

Summary of Loan Assistance:

A tabulation of aggregate information can be found in Exhibit 5, History of DWSRF Binding Commitments. This table tabulates the quarterly federal payments, totals quarterly SRF binding commitments and cumulative binding commitments, and calculates Montana's achievement of its 100% binding commitment grant condition. In fiscal year 2006, the DWSRF maintained steady performance by executing project commitment agreements. The DWSRF completed SFY06 with binding commitments totaling 165% based on grant payments received four quarters earlier. We project in SFY07 that we will execute in excess of $11,620,000 in binding commitments. See Exhibit 6: DWSRF Projected Binding Commitments SFY07.

B. FIRST-ROUND FUNDED LOANS:

First-Round loans are financed with capitalization grants and state match. The DWSRF has financed the projects listed in Exhibit 3: DWSRF Capitalized Grant Closed Loans For SFY06.

C. RECYCLED FUNDED LOANS:

Recycled loans are financed with loan repayments from first round money and funds from transfers from the WPCSRF program. The DWSRF has financed the projects listed in Exhibit 4: Recycled Closed Loans For SFY06. There were five loans made that used recycled funds in FY06.

D. SOURCE OF FUNDS:

Two sources of funds are used to capitalize the DWSRF: (1) the Federal Capitalization Grant, which provides 80% of the DWSRF loan funds; and (2) the state match, funded through the sale of GO bonds, which provides 20% of the DWSRF loan funds. State legislation originally authorized the sale of up to $10 million in GO bonds to match federal grant funds. In the 2003 Legislative session an additional $10 million of GO bonds was authorized for state match bringing the total authorized to $30 million. This amount is adequate to cover funds currently authorized for the program. $14,795,000 of GO bonds have been issued by the DWSRF program to use as state matching funds through SFY06. See Exhibit 1: Sources of DWSRF Funds through SFY06. In SFY 06 In-kind services of $-0- have been provided to the DWSRF program by DNRC as match to federal grant funds and were used for program administration. Also, $8,782,486 of funds have been transferred from the WPCSRF to the DWSRF for loans to date. The DWSRF in FY 2006 transferred $5,000,000 to the WPCSRF program. See Exhibits 7 and 7A for a history of transferred funds between the two SRF programs.

E. FEDERAL FUNDS DRAWN BY THE PROGRAM:

Exhibit 8, SFY06 Summary of Drinking Water SRF Letter of Credit to ASAP Draws shows fifty two disbursement requests totaling $11,643,090, twenty one administrative set-aside disbursement requests totaling $353,803, and thirty one non-administrative set-aside requests totaling $863,571. The total federal draws for SFY 06 were $12,860,464.

F. SET – ASIDES

DWSRF Budget and Draws by Set-Asides displays the financial summary of these non-project activities, see Exhibit 9. In addition, DEQ is required to provide a 1 to 1 match for the State Program Management set-asides, which includes Public Water Supply Administration, Source Water Protection, Operator Certification, and Capacity Development. Up to one half of this match may come from expenditures made in 1993. Exhibit 10 summarizes the 1 to 1 match for SFY 06. All of the set-aside activities for the year are discussed below.

DWSRF ADMINISTRATION

The DWSRF sets aside the maximum four percent from the capitalization grants for program administration. DEQ's contract with DNRC and other activities that occurred were:

- review and assistance during planning, design, project bidding and construction
- loan origination work, administering repayments
- preparation of bond issuance with state's bond counsel firm of Dorsey & Whitney
- financial modeling
- DWSRF program audit
- costs associated with the legislatively appointed advisory committee
- public comment processes

SMALL SYSTEMS TECHNICAL ASSISTANCE

Montana has set aside 2% (the maximum allowed) of its FFY97, FFY98, FFY99, and FFY03 Drinking Water State Revolving Loan Fund grants for small systems technical assistance. In addition, the DEQ has reserved authority for the 2% allocation from the FY00 and FY01 grants. No additional funds were set aside from the FY 02 grant. An additional $135,000 was set aside from the FY 04 grant, a $125,000 from the FY 05 grant, and $20,000 from the FY 06 grant, for a total of $993,226.

This set-aside is used for contracted services and administration of contracts. A contract was awarded in 1999 to Midwest Assistance Program (MAP) of Montana to provide operation and maintenance technical assistance. The O&M TA contract was re-bid in 2005 and was again awarded to MAP. Since implementation, the contractor has made over 850 site visits to small public water supplies for a total cost of approximately $836,000. Evaluations of this service, conducted annually by DEQ, indicate the program is successfully helping small public water suppliers to effectively maintain and operate their water systems. Contracted technicians help water system operators develop or enhance technical capabilities that assist them in meeting the capacity development requirements of the 1996 amendments to the Safe Drinking Water Act.

An evaluation of the contract by DEQ DWSRF staff in May and June 2006 determined that the contract should be continued. The contract was renewed for state fiscal year 2007 (July 2006 through June 2007). The contracted services are provided to systems serving a population of 10,000 or less. Approximately 0.05 FTE is needed to provide contract oversight related to this set-aside.

PUBLIC WATER SUPPLY SUPERVISION SET-ASIDE: ADMINISTRATION

This set-aside funds salaries, benefits and operating expenses for 7.5 water quality specialists that have been assigned to the Helena, Billings and Kalispell Offices, respectively. The positions were funded through the set-aside grant for SFY06 & 07. These positions provide technical assistance to water suppliers, perform sanitary surveys, and operator training. These positions also provide direct assistance to water suppliers in implementation of the Lead and Copper Rule, Phase 2/5 rules, Total Coliform Rule, Consumer Confidence Report Rule, Enhanced Surface Water Treatment Rules, Filter Backwash Rule, Disinfection/Disinfection By-Products Rule, Radionuclides Rule, and the state's ground water chlorination rule. The set-aside also funds database development expenses associated with implementation and maintenance of SDWIS/state database, associated state-specific Oracle modules, and contracted sanitary surveys for over 125 public water supplies.

PWSS SOURCE WATER PROTECTION (SWP)

Section 1452(g)(2)(B) of the SDWA allows Montana to set aside a portion of the capitalization grant to "administer or provide technical assistance through source water assessment programs." Set-aside funds in the amount of $100,000 were used in State FY06 to administer the Source Water Protection Program and to provide technical assistance to local communities in the development of source water protection plans.

The specific goals achieved in State FY06 were to:

- Maintain and enhance public accessibility to spatial data essential to the local development of source water protection plans through the interactive spatial data query system,
- Provided training to PWS operators, managers, and local officials in using source water delineation and assessment reports to develop local source water protection plans,
- Provide outreach to communities on source water protection,
- Provide technical support to non-profit technical assistance providers relating to source water protection plan development.

CAPACITY DEVELOPMENT

The 1996 Amendments to the Safe Drinking Water Act allow states to use SRF funds to establish authority to enforce capacity requirements and to implement a capacity development strategy. This ensures that all new and existing community and non-transient non-community public water supply systems have the necessary technical, financial and managerial capability to comply with all of the primary requirements of the SDWA. EPA also requires that systems demonstrate adequate capacity in these areas as a condition of approval for Drinking Water SRF loans.

The state could have lost substantial portions of initial capitalization grants if it did not develop and implement strategies to assist existing water systems with capacity development. DEQ avoided the first of these withholding provisions by obtaining approval in 2000 of the state's Capacity Development Strategy for Existing Public Water Supply Systems. Subsequent withholding provisions of future capitalization grants can be avoided by adhering to the approved strategy and complying with the requirements for reporting capacity development improvements to the EPA.

The strategies are a methodology used to identify and prioritize public water systems in need of improving technical, financial, and managerial capacity (a complete copy of the capacity development strategies can be obtained from DEQ). Part of these strategies includes providing assistance to those systems by use of the set-aside funding. The state of Montana has over 1900 public water supplies. Given the large number of systems and a shortage of staff with the requisite financial and managerial experience, the department has chosen to provide these services through a contractor. The department entered into a contract with the Midwest Assistance Program (MAP) in March 2001 to provide these assistance services. Since then, MAP has provided in-depth financial and managerial services to 106 public water systems. In March 2006 a new request for proposals was issued and the Midwest Assistance Program was again selected to provide financial and managerial assistance services. The contract may be renewed, at the discretion of DEQ, for up to a total of seven years.

PWSS OPERATOR CERTIFICATION

This set-aside has been used for personal services and operating expenses for staff in the Operator Certification Program. Set-aside funds are used to pay portions of the salary and benefits for all three full-time staff positions, as well as program operating expenses.

In the past year, the program has approximately 1550 certified operators, including operators for approximately 660 community systems and 230 non-transient non-community systems. These water and wastewater operators hold over 3,450 certifications. Certification program activities include public outreach, collection and processing of applications, collection and processing of examination and certification fees, training, administration of exams, monitoring of continuing education credits, compliance monitoring, and assistance with formal enforcement activities. Over 97% of the public water supply systems in each category have properly certified operators.

The Certification Program Manager sent the draft program to EPA Region VIII and Headquarters in October of 1999 and the program was formally approved in December 2000. The latest approval of Montana's Operator Certification Program annual submittal package was received from EPA on October 5, 2005. Positive feedback for the program has been received from both EPA Region VIII and Headquarters.

The DEQ requested and received approval for spending authority from the 2001 state legislature for very small water system expense reimbursement grant funding. EPA approved the grant application, and the reimbursement program began making reimbursements in October of 2002. Expenses associated with mandatory training expenses incurred after July 1, 2002 are eligible for reimbursement. EPA has granted an extension of the funds through June 30, 2010 and is currently reviewing the revised work plan.

The department has completed the transition of current water exams to standardized Association of Boards of Certification (ABC) water treatment and water distribution examinations. The Department will continue to track progress and evaluate statistical data to ensure that the program administers valid, comprehensive, and fair examinations.

LOCAL ASSISTANCE AND OTHER STATE PROGRAMS - SOURCE WATER DELINEATION AND ASSESSMENT AND WELLHEAD PROTECTION

Implementation of the Montana SWP Program continued in SFY06 through the completion of source water assessment reports for public water supplies by DEQ staff and by contractors with approximately 100% of the required reports either completed or in progress at the end of the period. Assessment reports follow a standard format as described by the program plan. Additionally, Montana incorporates monitoring waiver recommendations in each community water system report in order to add value for recipient PWSs.

Approximately 75 new PWS drinking water sources were developed in SFY06. Source water assessments were reviewed for each of these new drinking water sources.

VI. GRANT CONDITIONS AND CERTIFICATIONS

The State of Montana agreed to the following conditions outlined in the Operating Agreement. These items are discussed in more detail throughout the body of this report. To the best of our knowledge, DEQ and DNRC have abided by all requirements of state and federal law in the administration of this program.

(a) Assurance that the State has the authority to establish a Fund and operate the DWSRF program in accordance with SDWA.

The State of Montana's authority was re-certified and included with our application for and award of the FFY06 capitalization grant.

(b) Assurance that the State will comply with State Statutes and regulations.

(c) Assurance that the State has the technical capability to operate the program.

(d) Assurance that the State will accept capitalization grant funds in accordance with a payment schedule.

Please see Exhibit 9: Drinking Water State Revolving Fund Fiscal Year 2006 Budget v. Draw by Category.

(e) Assurance that the State will deposit all capitalization grant funds in the Fund or Set-Aside Account.

(f) Assurance that the State will provide an amount equal to at least 20 percent of the capitalization grant (State match) in the Fund.

(g) Assurance that the State will deposit net bond proceeds, interest earnings, and repayments into the Fund.

(h) Assurance that the State will match capitalization grant funds the State uses for 1452(g)(2) set -asides.

(i) Assurance that the State will use Generally Accepted Accounting Principles.

(j) Assurance that the State will have the Fund and set-aside account audited annually in accordance with Generally Accepted Government Auditing Standards.

Please see Appendix B.

(k) Assurance that the State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments (or in the case of privately owned system, demonstrate that there is adequate security).

(l) Assurance that the State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.

(m) Assurance that funds will be used in accordance with the Intended Use Plan.

Please see Appendix C: Drinking Water SRF Intended Use Plan and Project Priority List, SFY 2006.

(n) Assurance that the State will provide EPA with an Biennial Report.

The submission of this document will fulfill the State of Montana's responsibility to submit a report.

(o) Assurance the State will comply with all Federal crosscutting authorities.

(p) The state agrees that it will conduct an environmental review and a determination will be executed and distributed using a state process consisting of the same level of environmental detail required under the state Environmental Review Process for the Drinking Water SRF Program.

All construction projects that received assistance during SFY06 were reviewed and approved using the Montana Environmental Policy Act (MEPA). It was determined that no Environmental Impact Statements were necessary. An Environmental Assessment was prepared and a Finding of No Significant Impact was issued for all projects.

(q) The use of set-asides for Administrative Expenses, Small Systems Technical Assistance, State Program Management (Public Water Supply Supervision, Source Water Protection, Capacity Development, and Operator Certification), Local Assistance and Other State Programs (Source Water Delineation) will be identified each year in the IUP and established in accordance with the Drinking Water SRF Program Guidelines.

(r) Specific Requirements under Title XIV

1. In accordance with Section 1420(a) of the Safe Drinking Water Act, the state has the authority to ensure that all new community water systems and new nontransient, noncommunity water systems commencing operation after October 1, 1999, can demonstrate technical, managerial, and financial capability with respect to each national primary drinking water regulation in effect.

   EPA has reviewed and approved Montana's capacity development authority and strategies. Administrative Rules that implement Montana's strategies became effective on September 10, 1999.

2. The state currently has a water and wastewater treatment plant operators certification program within the Permitting and Compliance Division, Department of Environmental Quality.

In addition, the following conditions were given with the Capitalization Grant Award. To the best of our knowledge, DEQ and DNRC have abided by these requirements as well.

- The recipient agrees to ensure that all space for conferences, meetings, conventions, or training funded in whole or in part with Federal funds complies with the Hotel and Motel Fire and Safety Act of 1990.

- EPA Order 1000.25 Recycled Paper – DEQ is using recycled paper for printing reports to be delivered to EPA.

- Minority Business Enterprises/Women Business Enterprises (MBE/WBE) Utilization Under Federal Grants – During SFY06 loan recipients were required to comply with all Federal requirements concerning Disadvantaged Business Enterprises (DBE) Utilization either by project specification or submitting appropriate reports during construction.

- The state's fair share goal for DBE participation is 5% for SFY06 (2% MBE, 3% WBE). Refer to Exhibit 11 for the summary of the DWSRF Loans- MBE/WBE for contracts awarded during SFY06.

VII. CURRENT STATUS AND FUTURE ACTIVITIES

The DWSRF continues to use US Bank as its trustee to manage funds and accounts established under the program. To date this arrangement has been very beneficial. DNRC has internet access to US Bank accounts, which has made monthly reconciliation of WPCSRF and DWSRF accounts more timely. D.A. Davidson and Co. and Piper Jaffray Inc. continue to act as the DWSRF bond underwriters and financial advisors. Dorsey & Whitney will continue to act as DWSRF bond counsel for the general obligation bonds issued in future fiscal years.

DEQ has completed work on the development of a project database, which may ultimately include links with the DWSRF, the PWSS program, and fiscal services in both DEQ and DNRC. The DEQ's Technical and Financial Assistance Bureau has 0.10 FTE budgeted for maintaining the WPCSRF and DWSRF databases. This person serves as liaison between SRF program staff and DEQ's data processing and IT staff. The databases did facilitate federal reporting during SFY 06.

The following schedule indicates the key dates for continuation of the Drinking Water State Revolving Fund Loan Program in SFY07:

SFY07 ESTIMATED KEY DATES	**ACTIVITY**
August 2006	Held DWSRF bi-monthly meeting
October 2006	Held DWSRF bi-monthly meeting
November 2006	Attend Fall CIFA Conference
December 2006	Hold DWSRF bi-monthly meeting
February 2007	Hold DWSRF bi-monthly meeting
Spring 2007	Hold infrastructure financing workshops to promote and market DWSRF program
Spring 2007	Attend Region VIII All States Meeting
April 2007	Hold DWSRF bi-monthly meeting
May 2007	Attend Spring CIFA Conference
June 2007	Hold DWSRF bi-monthly meeting

VIII. GLOSSARY OF ACRONYMS AND INITIALIZATIONS

ASAP	Automated Standard Application for Payments
AWWA/MWEA	American Water Works Association/Montana Water Environment Association
BAN	Bond Anticipation Note
CIFA	Council of Infrastructure Financing Authorities
DBE	Disadvantaged Business Enterprises
DEQ	Montana Department of Environmental Quality
DNRC	Montana Department of Natural Resources and Conservation
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency
FFY	Federal Fiscal Year (which begins October 1 and ends September 30)
GAN	Grant Anticipation Note
GO	General Obligation
IUP	Intended Use Plan
LT2ESWTR	Long Term 2 Enhanced Surface Water Treatment Rule
LAC	Legislative Audit Committee
LAD	Legislative Audit Division
MBE	Minority Business Enterprises
MPDES	Montana Pollution Discharge Elimination System
NPS	Nonpoint Source
NMP	National Municipal Policy
PPAD	Planning, Prevention and Assistance Division
PPL	Project Priority List
PWSS	Public Water Supply Supervision
RSID	Rural Special Improvement District
SDWA	Safe Drinking Water Act
SFY	State Fiscal Year (which begins July 1 and ends June 30)
SID	Special Improvement District
SDWIS	State Drinking Water Information System
SWP	Source Water Protection
TFAB	Technical and Financial Assistance Bureau
TSEP	Treasure State Endowment Program
W_2ASACT	Water, Wastewater and Solid Waste Action Coordinating Team

WBE	Women Business Enterprises
WPCSRF	Water Pollution Control State Revolving Fund

Exhibit 1: Sources of DWSRF Funds Through SFY 06

Grant Number, Award Date & Year Funds Appropriated	State Fiscal Year Activity	Cap. Grant Amount	Projected State Match	Project Commitments by Fiscal Year	Actual State Match GO Bonds Issues
1) FS-998850-97 6/30/98; 1997	1998	$ 14,826,200	$ -	$ -	$ -
No Grants awarded in SFY99	1999	$ -	$ 2,965,240	$ 24,274,000	(1) $3,065,000
2) FS-998850-98 7/26/99; 1998	2000	$ 7,121,300	$ 1,424,260		$ -
3) FS-998850-99 9/14/99; 1999		$ 7,463,800	$ 1,492,760	$ 15,073,701	(2) $2,990,000
4) FS-998850-00 10/02/00; 2000	2001	$ 7,757,000	$ 1,551,400		$ -
5) FS-998850-01 05/21/01; 2001		$ 7,789,100	$ 1,557,820	$ 11,204,000	(3) $3,190,000
6) FS-998850-02 02/21/02; 2002	2002	$ 8,052,500	$ 1,610,500	$ 3,495,000	$ -
No Grants awarded in SFY03	2003	$ -		$ 9,090,000	(4) $1,675,000
7) FS-998850-03 07/16/03 (set asides) & 6/28/04; 2003	2004	$ 8,004,064	$ 1,600,813	$ 8,180,780	$ -
8) FS-998850-05 08/16/04 (04 set asides), 6/16/05 (2004 & 2005 grants & 2005 set asides)	2005	$ 16,588,524	$ 3,317,705	$ 12,683,000	$ 3,875,000
8) FS-998850-05 8/5/05 Transfer to WPCSRF		$ (5,000,000)			
9) FS-998850-06 5/17/06; 2006	2006	$ 8,229,300	$ 1,645,860	$ 24,929,596	$ -
TOTAL		$ 80,831,788	$ 17,166,358	$ 108,930,077	$ 14,795,000

1) First General Obligation Bond Issued October 1, 1998 for $3,065,000
2) Second General Obligation Bond Issued April 15, 2000 for $2,990,000
3) Third General Obligation Bond Issued June 15, 2001 for $3,190,000
4) Fourth General Obligation Bond Issued June 15, 2003 for $1,675,000
5) Fifth General Obligation Bond Issued April 19, 2005 for $3,875,000

Exhibit 2: DWSRF Binding Commitments Executed

Public Entity	Type of Security	B.C. Date	B.C. Amount	Bond Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest	Net Interest	Term
Billings	Revenue	7/12/2005	$ 17,300,000.00	$ 17,300,000.00	$ 5,753,785.00	$ 11,546,215.00	12/21/2005	3.75%	2.00%	20
Billings Heights	Revenue	1/17/2006	$ 1,038,000.00		$ -	$ -		3.75%	2.00%	20
Dry Prairie II	Revenue	6/1/2006	$ 507,000.00		$ -	$ -		3.75%	2.00%	20
Gardiner Park (dec) *	Revenue	5/16/2006	$ (571,000.00)		$ -	$ -		3.75%	2.00%	20
Hamilton	Revenue	11/17/2005	$ 170,000.00	$ 170,000.00	$ 170,000.00	$ -	5/4/2006	3.75%	2.00%	20
Hill County	Revenue	6/26/2006	$ 690,000.00		$ -	$ -		3.75%	2.00%	20
Lewistown (refinance)	Revenue	4/19/2006	$ 3,549,000.00	$ 3,549,000.00	$ 3,549,000.00	$ -	6/19/2006	3.75%	2.00%	10
Livingston TIF (inc) *	Revenue	8/15/2005	$ 135,000.00	$ 694,000.00	$ 613,358.00	$ 80,642.00	11/21/2005	3.75%	2.00%	20
Livingston SID (inc) *	Revenue	8/15/2005	$ 141,000.00	$ 326,000.00	$ 283,641.00	$ 42,359.00	11/21/2005	3.75%	2.00%	20
Plains	Revenue	7/7/2005	$ 280,000.00	$ 265,000.00	$ 111,045.00	$ 153,955.00	5/17/2006	3.75%	2.00%	20
Plentywood II (inc) *	Revenue	9/19/2005	$ 130,000.00		$ -	$ -		3.75%	2.00%	30
Shelby (inc) *	Revenue	11/21/2005	$ 290,000.00	$ 709,000.00	$ 400,446.00	$ 308,554.00	11/21/2005	3.75%	2.00%	20
Sheridan BAN	BAN	8/3/2005	$ 95,000.00	$ 95,000.00	$ 87,083.00	$ 7,917.00	9/28/2005	2.75%	2.00%	2
Sheridan	Revenue	8/1/2005	$ 462,000.00		$ -	$ -		3.75%	2.00%	20
Spring Meadows	Revenue	9/28/2005	$ 365,000.00		$ -	$ -		2.75%	2.00%	20
Thompson Falls (inc) *	Revenue	8/15/2005	$ 2,596.00	$ 897,596.00	$ 897,596.00	$ -	8/15/2005	3.75%	2.00%	20
Three Forks BAN	BAN	11/10/2005	$ 30,000.00	$ 30,000.00	$ 22,570.00	$ 7,430.00	1/13/2006	2.75%	2.00%	2
Three Forks (inc)*	Revenue	3/28/2006	$ 68,000.00	$ 268,000.00	$ 231,843.00	$ 36,157.00	4/27/2006	3.75%	2.00%	20
Upper Lower River Road BAN	BAN	11/30/2005	$ 243,000.00	$ 243,000.00	$ 234,479.00	$ 8,521.00	3/30/2006	2.75%	2.00%	1
Whitefish	Revenue	5/16/2006	$ 905,000.00	$ 905,000.00	$ 248,699.47	$ 656,300.53	6/15/2006	3.75%	2.00%	20
Wolf Point (inc) *	Revenue	7/14/2005	$ 100,000.00	$ 730,000.00	$ 704,269.00	$ 25,731.00	12/14/2005	3.75%	2.00%	20
Conrad (withdrawn) **	Revenue	10/1/2005	$ (1,000,000.00)		$ -	$ -		3.75%	2.00%	20
Total Committed			$ 24,929,596.00	$ 26,181,596.00	$ 13,307,814.47	$ 12,873,781.53				

* Increase or decrease to a prior fiscal year binding commitment
Gardiner Park total binding commitement $500,000
Livingston TIF total binding commitment $694,000
Livingston SID total binding commitment $326,000
Plentywood total binding commitment $500,000
Shelby total binding commitment $709,000
Thompson Falls total binding commitment $897,896
Three Forks total binding commitment $268,000
Wolf Point total binding commitment $730,000

** Removed - Withdrew application

Exhibit 3: DWSRF Capitalized Grant Closed Loans for SFY 06

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest
Billings	Revenue	7/12/2005	$ 17,300,000.00	$ 17,300,000.00	$ 5,753,785.00	$ 11,546,215.00	12/21/2005	3.75%
Gardiner Park	Revenue	9/2/2003	$ 500,000.00	$ 500,000.00	$ 111,345.00	$ 388,655.00	5/16/2006	2.75%
Hamilton	Revenue	11/17/2005	$ 170,000.00	$ 170,000.00	$ 170,000.00	$ -	5/4/2006	3.75%
Livingston Rev	Revenue	1/25/2005	$ 700,000.00	$ 700,000.00	$ 700,000.00	$ -	8/22/2005	3.75%
Livingston TIF	TIF	3/21/2005	$ 694,000.00	$ 694,000.00	$ 613,358.00	$ 80,642.00	11/21/2005	3.75%
Livingston SID	SID	3/21/2005	$ 326,000.00	$ 326,000.00	$ 283,641.00	$ 42,359.00	11/21/2005	3.75%
Lockwood	Revenue	2/2/2005	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ -	7/12/2005	2.75%
Lockwood	Revenue	2/2/2005	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ -	10/12/2005	3.75%
Miles City	Revenue	6/29/2005	$ 1,050,000.00	$ 1,050,000.00	$ 858,465.00	$ 191,535.00	9/23/2005	3.75%
Plains	Revenue	7/7/2005	$ 265,000.00	$ 265,000.00	$ 111,045.00	$ 153,955.00	5/17/2006	3.75%
Plentywood	Revenue	4/14/2005	$ 500,000.00	$ 500,000.00	$ 245,236.00	$ 254,764.00	10/19/2005	2.75%
Power Teton	Revenue	2/22/2005	$ 375,000.00	$ 375,000.00	$ 353,365.00	$ 21,635.00	10/4/2005	2.75%
Sherdian BAN	BAN	8/3/2005	$ 95,000.00	$ 95,000.00	$ 87,083.00	$ 7,917.00	9/28/2005	2.75%
Thompson Falls (refinance)	Revenue	6/16/2005	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ -	8/15/2005	2.75%
Thompson Falls (refinance)	Revenue	6/16/2005	$ 897,596.00	$ 897,596.00	$ 897,596.00	$ -	8/15/2005	3.75%
Three Forks BAN	BAN	11/10/2005	$ 30,000.00	$ 22,570.00	$ 22,570.00	$ -	1/13/2006	2.75%
Three Forks	Revenue	5/16/2005	$ 268,000.00	$ 268,000.00	$ 231,843.00	$ 36,157.00	4/27/2006	3.75%
Upper Lower River Rd BAN	BAN	11/30/2005	$ 243,000.00	$ 243,000.00	$ 234,479.00	$ 8,521.00	3/30/2006	2.75%
Upper Lower River Rd	Revenue	3/7/2005	$ 500,000.00	$ 500,000.00	$ 500,000.00	$ -	12/21/2005	2.75%
Upper Lower River Rd	Revenue	3/7/2005	$ 438,000.00	$ 195,000.00	$ 195,000.00	$ -	3/30/2006	3.75%
Wolf Point	Revenue	6/15/2005	$ 730,000.00	$ 730,000.00	$ 704,269.00	$ 25,731.00	12/14/2005	3.75%
Worden Ballantine	Revenue	12/16/2002	$ 450,000.00	$ 368,000.00	$ 324,268.00	$ 43,732.00	8/24/2005	3.75%
Closed Loans			$ 27,031,596.00	$ 26,699,166.00	$ 13,897,348.00	$ 12,801,818.00		

Exhibit 4: DWSRF Recycled Closed Loans for SFY 06

Public Entity	Type of Security	B.C. Date	B.C. Amount	Loan Amount	Total Drawn	Balance Remaining	Closing Date	Gross interest
Helena	Revenue	5/6/2005	$ 3,100,000.00	$ 3,100,000.00	$ 2,326,536.00	$ 773,464.00	8/25/2005	3.75%
Lewistown (refinance)	Revenue	4/19/2006	$ 3,549,000.00	$ 3,549,000.00	$ 3,549,000.00	$ -	6/19/2006	3.75%
Livingston Rev	Revenue	1/25/2005	$ 200,000.00	$ 200,000.00	$ 200,000.00	$ -	8/22/2005	3.75%
Shelby	Revenue	3/24/2004	$ 709,000.00	$ 709,000.00	$ 400,446.00	$ 308,554.00	11/21/2005	3.75%
Whitefish	Revenue	5/16/2006	$ 905,000.00	$ 905,000.00	$ 248,699.47	$ 656,300.53	6/15/2006	3.75%
Closed Loans			$ 8,463,000.00	$ 8,463,000.00	$ 6,724,681.47	$ 1,738,318.53		

Exhibit 5: History of DWSRF Binding Commitments

Federal Fiscal QTR/YR	State Fiscal Year	Qtr	Grant Payments	Cumulative Payments	Binding Commitment	Fiscal Year Binding Commitment	Cumulative Binding Commitment	BC/Payments One Year Earlier
4Q FFY97	SFY98	1	$0	$0	$0	$0	$0	
1Q FFY98	SFY98	2						
2Q FFY98	SFY98	3						
3Q FFY98	SFY98	4	15,094,248	15,094,248				
4Q FFY98	SFY99	1		15,094,248	22,935,000		22,935,000	
1Q FFY99	SFY99	2		15,094,248	291,000		23,226,000	
2Q FFY99	SFY99	3		15,094,248			23,226,000	
3Q FFY99	SFY99	4		15,094,248	1,048,000	24,274,000	24,274,000	
4Q FFY99	SFY00	1	7,777,812	22,872,060	4,193,000		28,467,000	
1Q FFY00	SFY00	2		22,872,060	3,832,000		32,299,000	213.98%
2Q FFY00	SFY00	3		22,872,060	2,321,373		34,620,373	229.36%
3Q FFY00	SFY00	4		22,872,060	4,727,328	15,073,701	39,347,701	260.68%
4Q FFY00	SFY01	1	8,173,932	31,045,992	1,250,000		40,597,701	177.50%
1Q FFY01	SFY01	2		31,045,992	2,265,000		42,862,701	187.40%
2Q FFY01	SFY01	3		31,045,992	2,893,000		45,755,701	200.05%
3Q FFY01	SFY01	4		31,045,992	4,796,000	11,204,000	50,551,701	221.02%
4Q FFY01	SFY02	1	8,648,120	39,694,112	1,641,000		52,192,701	168.11%
1Q FFY02	SFY02	2		39,694,112	1,066,000		53,258,701	171.55%
2Q FFY02	SFY02	3		39,694,112	604,000		53,862,701	173.49%
3Q FFY02	SFY02	4	8,910,356	48,604,468	184,000	3,495,000	54,046,701	174.09%
4Q FFY02	SFY03	1		48,604,468	2,500,000		56,546,701	142.46%
1Q FFY03	SFY03	2		48,604,468	887,000		57,433,701	144.69%
2Q FFY03	SFY03	3	8,805,900	57,410,368	4,703,000		62,136,701	156.54%
3Q FFY03	SFY03	4		57,410,368	1,000,000	9,090,000	63,136,701	129.90%
4Q FFY03	SFY04	1		57,410,368	1,384,000		64,520,701	132.75%
1Q FFY04	SFY04	2		57,410,368	1,229,000		65,749,701	135.28%
2Q FFY04	SFY04	3		57,410,368	3,355,780		69,105,481	120.37%
3Q FFY04	SFY04	4	8,574,713	65,985,081	2,212,000	8,180,780	71,317,481	124.22%
4Q FFY04	SFY05	1		65,985,081	565,000		71,882,481	125.21%
1Q FFY05	SFY05	2		65,985,081	(45,000)		71,837,481	125.13%
2Q FFY05	SFY05	3		65,985,081	4,587,000		76,424,481	133.12%
3Q FFY05	SFY05	4	-	65,985,081	7,576,000	12,683,000	84,000,481	127.30%
4Q FFY05	SFY06	1		65,985,081	19,032,596		103,033,077	156.15%
1Q FFY06	SFY06	2		65,985,081	179,000		103,212,077	156.42%
2Q FFY06	SFY06	3		65,985,081	638,000		103,850,077	157.38%
3Q FFY06	SFY06	4	11,505,685	77,490,766	5,080,000	24,929,596	108,930,077	165.08%
	TOTALS		$ 77,490,766				$ 108,930,077	
	CUM TOTAL		$ 77,490,766				$ 108,930,077	

Exhibit 6: DWSRF Projected Binding Commitments for SFY 07

Public Entities	Estimated Date of Commitment	Estimated Loan Amounts
Big Sandy	Jan-07	$300,000
Billings	Apr-06	$4,000,000
Lockwood	Nov-06	$1,000,000
Manhattan	Dec-06	$2,000,000
Miles City	Dec-06	$3,000,000
Richey	Nov-06	$170,000
Sheridan BAN (increase)	Jul-06	$100,000
Shelby	Mar-07	$700,000
Sunny Meadows	Apr-06	$350,000
Total		$11,620,000

Exhibit 7: Amounts Available to Transfer Between State Revolving Fund Programs

Year	Transaction Description	DWSRF Cap Grant Amount	33% of Cap Grant Amount (Eligible for Transfer)	Transferred from CWSRF to DWSRF	Transferred from DWSRF to CWSRF	Banked Transfer Ceiling	DWSRF Funds Available for Transfer	CWSRF Funds Available for Transfer
1996 & 1997	DW Grant Award	14,826,200	4,892,646			4,892,646	4,892,646	4,892,646
1998	DW Grant Award	7,121,300	2,350,029			7,242,675	7,242,675	7,242,675
1999	DW Grant Award	7,463,800	2,463,054			9,705,729	9,705,729	9,705,729
2000	DW Grant Award	7,757,000	2,559,810			12,265,539	12,265,539	12,265,539
2000	Transfer (2nd Rnd $)			4,750,328		12,265,539	17,015,867	7,515,211
2001	DW Grant Award	7,789,100	2,570,403			14,835,942	19,586,270	10,085,614
2001	Transfer (2nd Rnd $)			4,032,158		14,835,942	23,618,428	6,053,456
2002	DW Grant Award	8,052,500	2,657,325			17,493,267	26,275,753	8,710,781
2004	DW Grant Award (03)	8,004,064	2,641,341			20,134,608	28,917,094	11,352,122
2004	Transfer (2nd Rnd $)				2,559,810	20,134,608	26,357,284	13,911,932
2005	Transfer (2nd Rnd $)				2,570,403	20,134,608	23,786,881	16,482,335
2005	Transfer (2nd Rnd $)				1,000,000	20,134,608	22,786,881	17,482,335
2005	DW Grant Awards (04 & 05)	16,588,524	5,474,213			25,608,821	28,261,094	22,956,548
2006	Transfer (1st Rnd $)	8,229,300	2,715,669		5,000,000	28,324,490	25,976,763	30,672,217
Totals		$85,831,788	$28,324,490	$8,782,486	$11,130,213			

Exhibit 7A: Transfer of Funds Between SRF and WRF

Authority to Transfer					
Award of Water Grant	1996 & 97	$ 14,826,200	x33%	$ 4,892,646
	1998	7,121,300	x33%	2,350,029
	1999	7,463,800	x33%	2,463,054
	2000	7,757,000	x33%	2,559,810
	2001	7,789,100	x33%	2,570,403
	2002	8,052,500	x33%	2,657,325
	2003	8,004,064	x33%	2,641,341
	2004 & 05	16,588,524	x33%	5,474,212
				$ 25,608,820

Authority Used			
Fiscal Year	Type of Funds	SRF to WRF	WRF to SRF
SFY 2000	Recycled	$ 4,750,328	$ -
SFY 2001	Recycled	4,032,158	-
SFY 2002		-	-
SFY 2003		-	-
SFY 2004	Recycled	-	2,559,810
SFY 2005	Recycled	-	3,570,403
SFY 2006	Grant	-	5,000,000
		$ 8,782,486	$ 11,130,213
		SRF	**WRF**
Authority Available		$ 25,608,820	$ 25,608,820
Used Authority		$ 8,782,486	$ 11,130,213
Balance Available		$ 16,826,334	$ 14,478,607

Exhibit 8: Summary of Drinking Water State Revolving Fund Federal Draws for SFY 06

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
1st Quarter							
07/06/05	65,474					65,474	16,369
07/19/05	8,023					8,023	2,006
07/22/05	34,439					34,439	8,610
07/25/05		13,000	6,677	27,714		47,391	
08/05/05	242,280					242,280	60,570
08/12/05	1,550,149					1,550,149	38,145
08/16/05	560,027					560,027	140,000
08/17/05		3,058	27,096	16,096		46,250	
08/31/05					10,300	10,300	
09/07/05	144,302					144,302	36,075
09/09/05		5,000		10,000	5,000	20,000	
09/16/05				20,000		20,000	
09/19/05	46,527					46,527	11,632
09/22/05	48,152	55,000		35,000		138,152	12,038
09/28/05	156,393	8,817		2,508	525	168,243	39,098
09/30/05	63,592	8		(8)		63,592	15,899
1st Quarter Draws	**$ 2,919,358**	**$ 84,883**	**$ 33,773**	**$ 111,310**	**$ 15,825**	**$ 3,165,149**	**$ 380,442**

Exhibit 8*:* Summary of Drinking Water State Revolving Fund Federal Draws for SFY 06 (Continued)

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
2nd Quarter							
10/03/05				27,009		27,009	
10/12/05		20,000		7,000		27,000	
10/13/05	77,058					77,058	19,264
10/17/05		17,315		2,685		20,000	
10/21/05	56,053					56,053	14,013
10/25/05	13,322					13,322	3,330
10/27/05		6,000		24,000		30,000	
11/10/05	3,200	9,520				12,720	800
11/16/05	160,075					160,075	40,019
11/18/05		30,500		9,500		40,000	
11/23/05	101,381					101,381	25,345
11/25/05	287,484					287,484	71,871
12/01/05	257,521					257,521	64,380
12/02/05	5,915					5,915	1,479
12/05/05	103,701					103,701	25,926
12/08/05	191,551					191,551	47,888
12/09/05				80,000		80,000	
12/12/05	25,906	30,000		10,000		65,906	6,477
12/15/05	213,908					213,908	53,477
12/16/05	569,283					569,283	142,321
12/22/05		20,000	10,000	30,000		60,000	
2nd Quarter Draws	**$ 2,066,358**	**$ 133,335**	**$ 10,000**	**$ 190,194**	**$ -**	**$ 2,399,887**	**$ 516,590**

Exhibit 8: Summary of Drinking Water State Revolving Fund Federal Draws for SFY 06 (Continued)

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
3rd Quarter							
01/03/06	73,253	30,000	5000	25,000		133,253	18,313
01/10/06	9,953					9,953	2,488
01/11/06	425,119					425,119	106,280
01/17/06	59,747					59,747	14,938
01/19/06	6,507					6,507	1,627
01/24/06		11,000	19000	45,000		75,000	
01/26/06	44,698					44,698	11,175
02/03/06		10,000		45,000		55,000	
02/16/06				10,000		10,000	
02/28/06	399,992					399,992	99,998
03/01/06		17,000		23,000		40,000	
03/06/06	93,291					93,291	23,323
03/07/06		20,000		20,000		40,000	
03/13/06		20,000		40,000		60,000	
03/16/06	2,997					2,997	749
03/20/06	22,321					22,321	5,580
03/28/06	183,698					183,698	45,925
03/29/06	260,535					260,535	65,134
03/31/06	1,649,803					1,649,803	412,451
3rd Quarter Draws	**$ 3,231,914**	**$ 108,000**	**$ 24,000**	**$ 208,000**	**$ -**	**$ 3,571,914**	**$ 807,981**

Exhibit 8: Summary of Drinking Water State Revolving Fund Federal Draws for SFY 06 (Continued)

Date	Loans	Set-Aside Components				Total Drawn	State Match
		Admin	Tech Asst	State Program	Local Asst		
4th Quarter							
04/07/06	55,807					55,807	13,952
04/13/06		15,000	30,404	25,000		70,404	
04/14/06	39,459					39,459	9,865
04/17/06	1,597					1,597	399
04/20/06	2,739					2,739	685
04/24/06	100,281					100,281	25,071
04/25/06		12,585		22,415		35,000	
05/02/06				23,000		23,000	
05/10/06	37,442			27,900		65,342	9,360
05/15/06	89,076					89,076	22,269
05/23/06	176,501					176,501	44,125
05/24/06	66,727					66,727	16,682
06/01/06				60,000		60,000	
06/05/06				15,000		15,000	
06/09/06	58,419					58,419	14,605
06/12/06	60,945					60,945	15,236
06/13/06	490,579					490,579	122,645
06/16/06	2,042,077					2,042,077	510,520
06/19/06				60,000		60,000	
06/27/06	203,811					203,811	50,953
06/28/06				6,750		6,750	
4th Quarter Draws	**$ 3,425,460**	**$ 27,585**	**$ 30,404**	**$ 240,065**	**$ -**	**$ 3,723,514**	**$ 856,367**
Total FY06 Draws	**$ 11,643,090**	**$ 353,803**	**$ 98,177**	**$ 749,569**	**$ 15,825**	**$ 12,860,464**	**$ 2,561,380**

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 06

Program Name: FS998850 - 97	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	593,048	593,048	-	-
Technical Assistance	296,524	296,524	-	-
State Programs				
Public Water Supply Administration	120,000	120,000	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	55,000	55,000	-	-
Subtotal	*325,000*	*325,000*	-	-
Local Assistance	1,482,620	1,482,620	-	-
Loans	12,129,008	12,129,008	-	-
Total	**14,826,200**	**14,826,200**	**-**	**-**

Program Name: FS998850 - 98	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	284,852	284,852	-	-
Technical Assistance	142,426	142,426	-	-
State Programs				
Public Water Supply Administration	155,470	155,470	-	-
Source Water Protection/Database	105,000	105,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
Subtotal	*340,470*	*340,470*	-	-
Loans	6,353,552	6,353,552	-	-
Total	**7,121,300**	**7,121,300**	**-**	**-**

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 06 (Continued)

Program Name: FS998850 - 99	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	298,552	298,552	-	-
Technical Assistance	149,276	149,276	-	-
State Programs				
Public Water Supply Administration	154,800	154,800	-	-
Source Water Protection/Database	100,000	100,000	-	-
Capacity Development	10,000	10,000	-	-
Operator Certification	70,000	70,000	-	-
Subtotal	*334,800*	*334,800*	-	-
Loans	6,681,172	6,681,172	-	-
Total	**7,463,800**	**7,463,800**	**-**	**-**

Program Name: FS998850 - 00	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	310,280	310,280	-	-
State Programs				
Public Water Supply Administration	155,000	155,000	-	-
Source Water Protection/Database	75,000	75,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	70,000	70,000	-	-
Subtotal	*350,000*	*350,000*	-	-
Loans	7,096,720	7,096,720	-	-
Total	**7,757,000**	**7,757,000**	**-**	**-**

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 06 (Continued)

Program Name: FS998850 - 01	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	311,564	311,564	-	-
State Programs				
Source Water Protection/Database	75,000	75,000	-	-
Capacity Development	50,000	50,000	-	-
Subtotal	*125,000*	*125,000*	-	-
Loans	7,352,536	7,352,536	-	-
Total	**7,789,100**	**7,789,100**	**-**	**-**

Program Name: FS998850 - 02	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	322,100	322,092	8	-
State Programs				
Public Water Supply Administration	395,000	395,000	-	-
Capacity Development	50,000	50,000	-	-
Operator Certification	90,000	90,000	-	-
Subtotal	*535,000*	*535,000*	-	-
Loans	7,195,400	2,252,805	4,942,595	-
Total	**8,052,500**	**3,109,897**	**4,942,603**	**-**

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 06 (Continued)

Program Name: FS998850 - 03	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	320,164	320,164	-	-
Technical Assistance	125,000	121,823	3,177	-
State Programs				
Source Water Protection/Database	100,000	100,000	-	-
Public Water Supply Administration	395,000	377,581	17,419	-
Operator Certification	90,000	90,000	-	-
Subtotal	*585,000*	*567,581*	*17,419*	-
Loans	6,973,900	-	6,700,495	273,405
Total	**8,004,064**	**1,009,568**	**6,721,091**	**273,405**

Program Name: FS998850 - 04	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	332,124	309,749	22,375	-
Technical Assistance	135,000	40,000	95,000	-
State Programs				
Source Water Protection/Database	100,000	52,146	47,854	-
Capacity Development	82,000	46,276	35,724	-
Public Water Supply Administration	160,000	-	160,000	-
Operator Certification	90,000	23,178	66,822	-
Subtotal	*432,000*	*121,600*	*310,400*	-
Local Assistance	40,000	24,175	15,825	-
Total	**939,124**	**495,524**	**443,600**	**-**

Exhibit 9: Drinking Water State Revolving Fund Budget vs Draw by Category SFY 06 (Continued)

Program Name: FS998850 - 05	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	331,420	-	331,420	-
Technical Assistance	125,000	-	-	125,000
State Programs				
Source Water Protection/Database	100,000	-	99,964	36
Capacity Development	75,000	-	71,045	3,955
Public Water Supply Administration	630,000	-	191,330	438,670
Operator Certification	160,000	-	59,411	100,589
Subtotal	*965,000*	-	*421,750*	*543,250*
Local Assistance	40,000	-	-	40,000
Loans	9,187,980	-	-	9,187,980
Total	**10,649,400**	**-**	**753,170**	**9,896,230**

Program Name: Total All Grants	Budget	Previous Draws	SFY 06 Draws	Balance 6/30/2006
Administration	3,104,104	2,750,301	353,803	-
Technical Assistance	973,226	750,049	98,177	125,000
State Programs				
Public Water Supply Administration	2,165,270	1,357,851	368,749	438,670
Source Water Protection/Database	755,000	607,146	147,818	36
Capacity Development	377,000	266,276	106,769	3,955
Operator Certification	695,000	468,178	126,233	100,589
Subtotal	*3,992,270*	*2,699,451*	*749,569*	*543,250*
Local Assistance	1,562,620	1,506,795	15,825	40,000
Loans	62,970,268	41,865,793	11,643,090	9,461,385
Total	**72,602,488**	**49,572,389**	**12,860,464**	**10,169,635**

Exhibit 10: Set Asides 1 to 1 Match Funding Summary

State FYE 93 Activity	R/C	FUND SOURCES FEDERAL	STATE MATCH	STATE EXCESS
Public Water Supply Program	2511/2512	738,559	246,186	
Drinking Water Fees	2512			203,526
Subdivisions	2515			173,061
Subdivision Supplemental	2518			101,731
Board Cert for W&WW Operators	2516			57,085
	TOTAL FY 93	**738,559**	**246,186**	**535,404**

State FYE 06 Activity	Org Unit	FUND SOURCES FEDERAL	STATE MATCH	STATE EXCESS
Public Water Supply Program	120520, 302832, 545811	1,228,923	290,755	
Subdivision Fees	546115 - 546120			1,187,197
Drinking Water Fees	545812, 545819, 545856			447,036
Board Cert for W&WW Operators	545916			84,725
	TOTAL FY 06	**1,228,923**	**290,755**	**1,718,958**

Exhibit 11: DWSRF Loans: MBE/WBE for Contracts Awarded During SFY 06

FFY Qtr/Yr	SFY Qtr/Yr	Borrower	Loan No.	Bid Amount	Loan Amount	DBE Type	DBE Amount	DBE Goal Percent #
04/05	01/06	City of Livingston	*	$1,370,695	*	MBE	$27,787	2.03%
01/06	02/06	City of Wolf Point	WRF06-089	$351,159	$730,000	MBE	$351,159	100%
		City of Shelby	WRF06-087	$420,187	$709,000	WBE	$149,199	35.51%
02/06	03/06	Dry Prairie II	Not Closed	$5,555,350	$507,000	MBE	$225,000	4.05%
		Dry Prairie II	Not Closed	$5,555,350	$507,000	WBE	$125,000	2.25%
		City of Hamilton	WRF06-093	$164,313	$170,000	WBE	$18,945	11.53%
03/06	04/06	Town of Plains	WRF06-096	$196,000	$265,000	WBE	$196,000	100%

* This phase of the project was ultimately constructed using only local funds.